



Foreign Agricultural Service

**GAIN Report**

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## Venezuela

### Grain and Feed

### Corn Licenses Trickle Out

## 2002

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#### **Report Highlights:**

**After an import ban of over nine months, the Government of Venezuela started to issue licenses for the import of yellow corn in late June. Sources indicate that licenses for approximately 157,000 tons have been issued. Expectations are that licenses for about the same quantity will be issued in both July and August, but once the domestic corn crop harvested starts in September imports will once again be banned.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Caracas [VE1], VE

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FAS/Caracas has been monitoring the corn import ban in Venezuela and has raised this issue at all levels, technical and ministerial, and through the U.S. Ambassador at the presidential level. We continue to press for a more transparent and automatic licensing system consistent with WTO commitments. Even though licenses are currently being issued, the government has never made an official announcement rescinding the ban announced in September 2001. The license issuance process is still very opaque and non-automatic.

For the licenses that have been issued in June, many were apparently for less than the requested quantity, with no reason given for the reduction. This is complicating shipments and the issuance of phyto-certificates in the United States. In addition, sources indicate that some of the license issuance is still contingent upon either the purchase of domestic crop, or the repayment of outstanding debts to domestic producers. Documentation on these claims is difficult to come by, but is the common refrain in the industry. Finally, it appears that the GOV plans to only issue licenses for the within-quota TRQ quantity, and stop issuing licenses in September when the new crop is harvested. Therefore, Post is reducing our 2001/02 import estimate for yellow corn to only 600,000 tons.

Over the past several months the Venezuelan animal feed industry has had to resort to several ingenious strategies in order to formulate feeds for the poultry and pork sectors. Substitute products have reportedly included feed wheat, rice brokens, cracked corn, corn gluten feed and meal, human-grade corn and soybean oil, cookie meal, and other assorted feed ingredients. These assorted products have been able to replace a large part of what would normally have been corn imports, but feed consumption overall is also expected to decline in 2002 due to the economic situation in the country.

With inflation for the first half of the year at almost 13 percent and devaluation of the bolivar in relation to the dollar at over 70 percent since February, consumers are cutting back on many purchases, including meat. Producers, who began the year with large stocks of frozen product, have not been able to reduce their inventories of poultry and pork and have finally begun to cut back on animal numbers. ( See VE2021 )

This estimated decline in meat demand will reduce the overall demand for feed ingredients this year, and is also forecast to affect the 2002/03 demand. In addition, imported corn no longer has the price advantage it did last fall due to the devaluation. While imported corn was about half the price of domestic corn last fall, that differential has been reduced dramatically. The local commodity exchange, BOLPRIAVEN, is still quoting domestic corn at Bs 175,000/ton. Last fall that was equivalent to about \$234/ton, but now at an exchange rate of Bs. 1300 to the dollar it only translates to \$142/ton. Producers are pushing for an increase in the domestic price to Bs.195,000/ton or higher for this fall's crop but no agreement has yet been reached. The other unknown variable is the level of domestic corn production. Production is only

estimated to reach 1.2 million tons in 2002 as weather conditions, mainly untimely rains in the major growing state of Portuguesa, forced replanting and yields are expected to be down. However, corn production numbers in Venezuela are notoriously imprecise. The GOV is pushing to have more of the corn marketed via BOLPRIAVEN in order to get a better handle on total production numbers, but this is a relatively new endeavor.

PSD Table						
Country	Venezuela					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	450	450	450	450	400	400
Beginning Stocks	203	203	225	225	195	50
Production	1450	1450	1200	1200	1350	1300
TOTAL Mkt. Yr. Imports	1172	1172	900	600	1250	1000
Oct-Sep Imports	1172	1172	900	600	1250	1000
Oct-Sep Import U.S.	1120	1120	0	500	1150	950
TOTAL SUPPLY	2825	2825	2325	2025	2795	2350
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	1350	1350	1200	725	1350	980
TOTAL Dom. Consumption	2600	2600	2130	1975	2650	2250
Ending Stocks	225	225	195	50	145	100
TOTAL DISTRIBUTION	2825	2825	2325	2025	2795	2350